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*THE CINCINNATI, HAMILTON AND
DAYTON RAILWAY COMPANY*

Plan of Readjustment

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Exhibit A.

THE CINCINNATI, HAMILTON & DAYTON RAILWAY
COMPANY.

PLAN OF READJUSTMENT.

The Plan which has been the subject of long negotiation between the Baltimore & Ohio Railroad Company, J. P. Morgan & Co. and the \$15,000,000 Notes Committee, contemplates the payment or adjustment of the Receiver's certificates, demand loans and other obligations of the Receiver, and the preferred claims and past due interest upon the underlying bonds mentioned in Schedule C hereof and upon the Purchase Money Notes due July 1, 1913, and the 1904 Refunding Mortgage bonds of the Company, and the payment, adjustment or extinguishment of the floating debt, the raising of funds to meet the cost of necessary additions and improvements by the use of the new securities hereinafter mentioned or their proceeds and provision designed to increase the Company's earnings. It also contemplates the cancellation of \$7,751,425 par value of Preferred Stock, and a Readjustment of the Company's indebtedness,—either with or without a judicial sale,—the release at an early date, of the Company's property and business from the receivership, and the ultimate termination or discontinuance of all pending judicial proceedings. (The term "Company" is used herein to designate The Cincinnati, Hamilton & Dayton Railway Company or any corporation in which its lines of railway may hereafter be vested.)

An Agreement has been negotiated between J. P. Morgan & Co., and the Baltimore & Ohio Railroad Company whereby the ownership of the controlling stock of the Company is to be acquired by the Baltimore & Ohio Railroad Company at the end of seven years from July 1, 1909, at a price then to be fixed by arbitrators, and whereby, during the seven years, said controlling

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stock is to be vested in three Voting Trustees one of whom is to be the President for the time being of the Baltimore & Ohio Railroad Company.

The Plan contemplates the execution of the following mortgages and the issuance thereunder of bonds as hereinafter set forth:

1. First and Refunding Mortgage dated July 1, 1909. This mortgage is to cover all the lines of railway of the Company, all its leasehold rights, all stocks of subsidiary companies owning operated lines, and all property acquired by use of said First and Refunding Mortgage bonds or the proceeds thereof. The bonds secured by said mortgage are to be dated July 1, 1909, to mature July 1, 1959, to bear interest at the rate of 4% per annum, payable January first and July first of each year. Authorized issue \$75,000,000, of which there are presently to be issued:

| | | |
|--|--------------|---------------------|
| (a) For the payment or adjustment of indebtedness of the company both due and accrued. (Included in this amount is the payment made by the Noteholders' Committee for coupons of the Refunding Bonds or Purchase Money Gold Notes due July 1, 1913). | \$7,500,000 | |
| (b) For improvements now needed.... | 5,000,000 | |
| (c) For necessary working capital.... | 2,000,000 | |
| (d) For collateral as aforesaid..... | 13,000,000 | |
| | | |
| Total present issue..... | \$27,500,000 | |
| Reserved for future use: | | |
| (e) For additions, improvements and betterments..... | \$23,714,000 | |
| (f) For refunding underlying bonds... | 23,786,000 | \$47,500,000 |
| | | |
| | | <u>\$75,000,000</u> |

The bonds specified above as (b) and (c) and \$5,500,000 of those named at (a) are to be guaranteed, principal and interest, by the Baltimore and Ohio Railroad Company.

The Bonds specified above as (d) are to be pledged to secure not exceeding \$11,557,000 of the Company's four per cent Notes due July 1, 1913, which Notes are to be guaranteed by the Baltimore & Ohio Railroad Company. Upon the guaranty of said Notes the present 1904 Refunding Mortgage Bonds are to be cancelled.

No First and Refunding Mortgage bonds or the proceeds thereof shall be applied directly or indirectly to the liquidation of the amount due or to become due upon or in respect of the $4\frac{1}{2}\%$ notes.

2. General Mortgage dated July 1, 1909. This mortgage is to secure a total issue of \$20,000,000 and is to cover,—next succeeding to the lien of the First and Refunding Mortgage,—all the property at any time subject to the lien of said First and Refunding Mortgage, and all other property acquired by use of said First and Refunding Mortgage bonds or said General Mortgage bonds or the proceeds thereof. The bonds secured by said General Mortgage are to be dated July 1, 1909, to mature July 1, 1939, and are to have coupons attached thereto providing for interest, as follows:

During the first two years (from July 1, 1909, to and including June 30, 1911,) at the rate of $4\frac{1}{2}\%$ per annum dependent upon income and upon the discretion of the Board of Directors of the Company.

During the following three years (from July 1, 1911, to and including June 30, 1914,) 1% per annum absolutely and $3\frac{1}{2}\%$ per annum additional dependent upon income to be determined as particularly set forth in the General Mortgage.

During the following two years (from July 1, 1914, to and including June 30, 1916,) 3% per annum absolutely and $1\frac{1}{2}\%$ additional dependent upon income determined as last mentioned.

Thereafter (from July 1, 1916,) $4\frac{1}{2}\%$ per annum absolutely.

The fixed interest will be represented by semi-annual coupons payable January 1st and July 1st, and the interest dependent upon income (non-cumulative) will be represented by annual coupons payable November 1st of each year.

The holders of the \$15,000,000 of Notes due September 1, 1908, are to receive for each \$1,000 Note and its coupons \$60 in cash and a new General Mortgage Bond for \$1,000 with all interest coupons as aforesaid.

The Baltimore & Ohio Railroad Company is also to agree that during the month of July, 1916 (or in case at any time prior to July, 1916, the Baltimore and Ohio Railroad Company shall acquire the ownership of the controlling stock of the company, then during the month of July next following the month in which such acquisition shall be made and notice thereof given in the manner to be provided) upon the request of any holder of a General Mortgage Bond, the Baltimore and Ohio Railroad Company will either purchase at 85 and interest the bonds originally to be issued under the proposed "General Mortgage" of the Company or give in exchange therefor new 4% coupon bonds of the Company due 1939, (secured by the same "General Mortgage" and provided for therein) and guaranteed by the Baltimore & Ohio Railroad Company as to principal and interest,—this latter agreement to apply to all bonds that shall be presented by their respective holders to the Baltimore & Ohio Railroad Company within the period aforesaid, for such sale or exchange, the respective holders to have the option of retaining their original bonds or presenting them for such sale or exchange, and the Baltimore & Ohio Railroad Company to have the right to elect whether it shall purchase at 85 and interest or shall give the new 4% guaranteed bonds in exchange. In consideration of these undertakings of the Baltimore & Ohio Railroad Company, the original bonds to be issued under the General Mortgage are to be subject to Call on any first day of July prior to July 1, 1916, on suitable published notice, for exchange for such new 4% bonds secured by the General Mortgage as aforesaid and guaranteed by the Baltimore & Ohio Railroad Company as to principal and interest. The original bonds are also to be subject to Call for payment at par and accrued interest and the 4% guaranteed bonds at 103, and accrued interest after suitable published notice, upon any first day of January or July.

Said agreement of the Baltimore & Ohio Railroad Company relative to the Bonds to be issued under the General Mortgage is to form a part of the General Mortgage.

It has been arranged that until the acquisition by the Baltimore & Ohio Railroad Company of the controlling stock of the Company a nominee of the \$15,000,000 Notes Committee shall be a member of the Board of Directors of the Company.

The form of all the agreements and indentures and all corporate action and proceedings involved in this plan are to be subject to approval by the counsel for the \$15,000,000 Notes Committee, the counsel for the representatives of \$11,557,000 Purchase Money Notes, the counsel for the Baltimore & Ohio Railroad Company and the counsel for J. P. Morgan & Co. The expenses and compensation of the \$15,000,000 Notes Committee, including fees of its Depositary and counsel, are to be paid in full as a part of the Plan.

The giving of the above mentioned Mortgages in furtherance of the Plan is also subject to appropriate action by the United States Court which appointed the Receiver.

The present foreclosure suit is upon the "Consolidated Mortgage" of 1905, under which \$17,500,000 of bonds were issued in 1905, of which \$15,000,000 are held as security for the \$15,000,000 of Notes due September 1, 1908, and of which \$2,500,000 are held as security for demand notes aggregating \$1,762,670 exclusive of interest, given by the Company in 1905 for borrowed money.

The Consolidated Mortgage is subject to the "underlying bonds" (\$23,729,425), the Refunding Bonds of July 1, 1904, (\$11,557,000), the Receiver's obligations mentioned in Schedule A (\$2,141,000), the unpaid interest mentioned in Schedule A (\$1,046,000), the six months' material claims mentioned in Schedule A (\$1,082,000) to the extent that said material claims may in pending or other appropriate proceedings be determined to be a prior lien or charge, and to a portion of the "Accrued liabilities." (Schedule B.)

The indebtedness of the Company as of April 1 1909, is estimated to be as set forth in the following schedules:

SCHEDULE A.

INDEBTEDNESS PAYABLE.

| | |
|--|--------------|
| Receiver's certificates, demand notes and unpaid vouchers..... | \$2,141,000 |
| Interest past due and unpaid on Mortgage bonds of C. H. & D. Ry. Co. and subsidiary companies (not including \$17,500,000 of C. H. & D. Ry. Co. Consolidated Mortgage bonds now held as collateral nor interest upon past due interest)..... | 1,046,000 |
| Principal and interest of C. H. & D. Ry. Co. 4½% Notes dated March 1, 1905, due September 1, 1908, (secured by deposit of \$15,000,000 of Consolidated Mortgage Bonds, etc.) | |
| Principal..... | 15,000,000 |
| Interest..... | 2,418,750 |
| Demand notes of C. H. & D. Ry. Co., for money borrowed in 1905 (secured by deposit of \$2,500,000 of Consolidated Mortgage bonds)..... | 1,762,670 |
| "Six months' claims" for materials and supplies sold C. H. & D. Ry. Co. prior to receivership, now involved in pending court proceedings..... | 1,082,000 |
| Other claims for such materials and supplies..... | 53,000 |
| Demand notes of C. H. & D. Ry. Co., for money borrowed in 1905, (unsecured)..... | 892,622 |
| Unpaid judgments against C. H. & D. Ry. Co. based on damage claims, etc., and unliquidated damage and other claims against C. H. & D. Ry. Co., arising before receivership (estimated).... | 200,000 |
| Amount due Pere Marquette R. R. Co. on award of arbitrators approved by court..... | 1,364,000 |
| Advances in connection with Ashland & Ironton Bridge Co., etc., and Toledo Terminal R.R. Co. | 513,044 |
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| | \$26,473,086 |
| Principal of Purchase Money Notes due July 1, 1913, and of 1904 Refunding Mortgage bonds (interest, in default more than six months, included in second item of Schedule A) | \$11,557,000 |
| | <hr/> |
| Total..... | \$38,030,086 |

SCHEDULE B.

ACCRUED LIABILITIES.

| | |
|--|------------------|
| Accrued taxes, not due..... | \$271,000 |
| Accrued interest on mortgages mentioned in second item of Schedule A and accrued interest on the first, fourth and seventh items of Schedule A.... | 606,000 |
| Accrued rentals on leases and trackage agreements. | 83,000 |
| Total..... | <u>\$960,000</u> |

SCHEDULE C.

EXISTING FUNDED LIABILITIES TO REMAIN UNDISTURBED.

(Defaulted interest to be paid.)

| | |
|---|---------------------|
| “ Underlying Bonds ” (so-called) included in second item of Schedule A (items below)..... | <u>\$23,786,000</u> |
|---|---------------------|

| | |
|--|-------------|
| Cincinnati, Dayton & Ironton Railroad Company First Mortgage 5 Per Cent. Gold Bonds, dated May 1, 1891, due May 1, 1941..... | \$3,500,000 |
| Cincinnati, Dayton & Chicago Railroad Company First Mortgage 4 Per Cent. Gold Bonds, dated April 1, 1892, due May 1, 1942..... | 1,200,000 |
| Cincinnati, Hamilton & Dayton Railroad Company's Second Mortgage 4½% Per Cent. Gold Bonds dated January 1, 1887, due January 1, 1937 | 2,000,000 |
| Cincinnati, Hamilton & Dayton Railroad Company's General Mortgage 5 Per Cent. Gold Bonds dated June 1, 1892, due June 1, 1942..... | 3,000,000 |
| Dayton & Michigan Railroad Company Consolidated Mortgage 5 Per Cent. Bonds dated January 1, 1881, due January 1, 1911..... | 2,728,000 |
| Indianapolis, Decatur and Western Railway Company's First Mortgage 5 Per Cent. Gold Bonds, dated November 1, 1895, due January 1, 1935.. | 3,162,000 |
| Cincinnati, Indianapolis & Western Railway Company's First and Refunding Mortgage 4 Per Cent. Gold Bonds, dated December 1, 1902, due January 1, 1953 (\$50,000 held as security)..... | 4,722,000 |



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| Cincinnati, Findlay & Ft. Wayne Railway Company's First Mortgage 4 Per Cent. Gold Bonds, dated November 1, 1903, due November 1, 1923. | 1,150,000 |
| Cincinnati & Dayton Railway Company's First Mortgage 4½ Per Cent. Bonds, dated July 1, 1887, due July 1, 1937 (\$25,000 held as security) | 300,000 |
| Piqua & Troy Branch Railway Company's First Mortgage 4 Per Cent. Gold Bonds dated November 1, 1899, due November 1, 1939 (\$25,000 held as security) | 350,000 |
| Toledo, Findlay & Springfield Railway Company's First Mortgage 6 Per Cent. Bonds, dated October 1, 1889, due October 1, 1929 (Held as security) . . | 300,000 |
| Cincinnati, Indianapolis & Western Railway Company's Equipment Notes dated November 1, 1901, (Blair & Co. Trust) | 75,000 |
| Cincinnati, Hamilton & Dayton Railway Company's Equipment Notes, dated October 1, 1904, (Robert Winthrop & Co. Trust) | 1,012,000 |
| Cincinnati, Hamilton & Dayton Railway Company's Equipment Notes dated April 1, 1905, (Rudolph Kleybolte & Co. Trust) | 240,425 |
| Total | <u>\$23,729,425</u> |